

ILLINOIS POWER COMPANY

d/b/a AmerenIP

Electric Service Schedule Ill. C. C. No. 35

Ill. C. C. No. 35  
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**RIDER MV – MARKET VALUE OF POWER AND ENERGY**

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**1. APPLICABILITY**

Rider MV – Market Value of Power and Energy (Rider MV) is applicable to any Company tariff that (1) under which the Company sells electric power and energy supply to retail customers on and after January 2, 2007; or (2) that refers to this Rider or any portion of this Rider, or any data calculated or otherwise derived under or in accordance with this Rider. Notwithstanding the previous sentence, no retail tariff charge will be computed in accordance with the provisions of this Rider for service provided prior to January 2, 2007. Retail prices for electric power and energy supplied pursuant to the Company's Basic Generation Service (BGS), Real-Time Pricing (RTP) or other tariffs shall be determined in accordance with this Rider MV and shall be stated in the Market Value Informational Filing For Retail Supply Charges, substantially in the form of Appendix A to this Rider, as amended from time to time.

**2. PURPOSE**

Rider MV provides for appropriate determination, on a periodic basis and in a transparent manner, of the market value of electric power and energy supply as a function of contracts applicable to the market in which the Company sells, and retail customers in its service area buy, electric power and energy. Rider MV makes this determination based on the prices and terms contained in wholesale contracts entered into by the Company with suppliers resulting from a competitive procurement process. The core of the process is an annual Competitive Procurement Auction (CPA) conducted by Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a AmerenCIPS and Illinois Power Company d/b/a AmerenIP (the Ameren Companies) for supply for their combined retail electric load in Illinois. The CPA is conducted by an independent auction manager in which registered bidders vie for the obligation to provide electric power and energy supply and certain other related services to each Ameren Company in amounts sufficient to serve percentage shares of each Ameren Company's retail electric power and energy supply requirements for specified, varying durations. Rider MV defines the criteria that such a process must meet in order for the resulting contracts and prices to be used as provided in this Rider. Rider MV establishes the method by which the costs incurred under the supply contracts resulting from the CPA are translated into seasonal and peak and off-peak values, as applicable, for use in calculating individual supply-related charges in the Company's retail tariffs to which this Rider is applicable. Such method takes into account relevant characteristics of retail customers in the service territory of Companies and is described through formulae provided herein. Rider MV also includes computations that provide for seasonal differentiation in the payments made to suppliers. Finally, Rider MV provides the Retail Supply Charges which are CPA supply charges plus certain market value adders.

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**3. DEFINITIONS**

**A. GENERAL DEFINITIONS**

The following definitions are provided in addition to those contained in the Definitions section of the Terms and Conditions of the Company's Schedule of Rates.

**Act**

Act means the Illinois Public Utilities Act.

**Auction Commencement Date**

The Auction Commencement Date means the date on which bidding in an auction begins in both the fixed pricing and spot market segments of the auction.

**Auction Completion Date**

The Auction Completion Date means the date on which bidding in an auction ends in both the fixed pricing and spot market segments of the auction.

**Auction Advisor**

An independent advisor selected by the Commission to monitor the auctions.

**Auction Manager**

An independent auction administrator under contract with the Ameren Companies.

**Basic Generation Service (Rider BGS) or Basic Generation Service-Fixed Pricing Load (BGS-FP Load)**

BGS-FP Load is an auction product that represents the sum of the hourly load, multiplied by a loss expansion factor, of all Residential and Small Commercial and Industrial (C&I) customers (less than 1 MW) that have not chosen a RES. The retail supply tariff is known as Rider BGS. Customers under 1 MW will have an optional Real-Time Pricing tariff (Rider RTP). Customers taking service under Rider BGS or Rider RTP will be supplied from the BGS-FP Supplier Forward Contracts.

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**Basic Generation Service – Large (Rider BGS-L) or Basic Generation Service – Large Customer Fixed Pricing Load (BGS-LFP Load)**

BGS-LFP Load is an auction product that represents the sum of the hourly load, multiplied by a loss expansion factor, of all customers 1 MW and greater who elect during the Open Enrollment Period, to take service under Rider BGS-L. Rider BGS-L contains the terms and conditions for customers electing such service. Customers taking service under Rider BGS-L will be supplied from the BGS-LFP Supplier Forward Contracts.

**Basic Generation Service – Large Service Real-Time Pricing Load (BGS-LRTP Load) or Real-Time Pricing – Large (Rider RTP-L)**

BGS-LRTP Load is an auction product that represents the sum of the hourly load, multiplied by a loss expansion factor, of all customers who are 1 MW and greater and take service under Rider RTP-L. Customers take Rider RTP-L if they have not elected BGS-L, the service of a RES; have generation that qualifies them for Rider RTP-L or requests partial service from a RES. Customers taking service under Rider RTP-L will be supplied from the BGS-LRTP Supplier Forward Contracts.

**Commission**

Commission shall mean the Illinois Commerce Commission (ICC).

**Customer Supply Group**

Customer Supply Group means the designation used to determine the customer load attributable to each of the auctions and auction segments described in this Rider and compute charges for electricity supply applicable to retail customers.

**CPA**

CPA means Competitive Procurement Auction Process.

**Delivery Point**

Delivery Point means the load zone(s) recognized by the MISO as encompassing the BGS load of the Companies.

**Delivery Services or DS**

Delivery Services means those services that are provided by the Company that are necessary in order for the transmission and distribution systems to function so that retail Customers located in the Company's Illinois service area can receive electric power and energy from suppliers other than the Company, and shall include, without limitation, standard metering and billing.

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**Descending Clock Auction**

Descending Clock Auction means the method by which the CPA is conducted. This form of auction begins at a price level where registered suppliers bid surplus quantities of power and energy in the form of Tranches. The Auction Manager reduces the price in subsequent rounds until quantities that are bid by suppliers match the load requirements being secured through the auction.

**FERC**

FERC means Federal Energy Regulatory Commission.

**ICC**

ICC means the Illinois Commerce Commission.

**kW**

kW means kilowatt. kW is a unit measurement of the demand for electricity or rate at which electricity is used.

**kWh**

kWh means kilowatt-hour. kWh is a unit measurement of the amount of electricity used.

**MW**

MW means megawatt and equals 1,000 kW. MW is a unit measurement of the demand for electricity or rate at which electricity is used.

**MWh**

MWh means megawatt-hour and equals 1,000 kWh. MWh is a unit measurement of the amount of electricity used.

**MISO**

MISO means Midwest Independent Transmission System Operator, Inc. or its successor.

**Market Value or MV**

Market Value or MV is being used consistent with the provisions of Section 16-112 and Section 16-111(i) of the Customer Choice Law.

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**NERC**

NERC means North American Electric Reliability Council.

**Non-summer Period**

Non-summer Period means the January, February, March, April, May, October, November, and December monthly billing periods.

**Off-Peak Period**

Off-Peak Period means all hours other than those included in the Peak Period.

**Open Enrollment Period**

Open Enrollment Period begins the first business day following the date the Company submits the Market Value Informational Filing to the ICC and continues for thirty calendar days thereafter.

**Peak Period**

Peak Period means the hours from 6 A.M. until 10 P.M. Central Prevailing Time (CPT), Monday through Friday except on days designated as holidays by the NERC.

**PJM**

PJM means the PJM Interconnection L.L.C. or its successor.

**RES**

RES means an Alternative Retail Electric Supplier or Retail Electric Supplier.

**Retail Aggregate Load**

Retail Aggregate Load means the electric power and energy delivered by the Company to its retail customers, including losses on the distribution and transmission systems located in the Company's service territory.

**Retail Aggregate Load – Blended**

Retail Aggregate Load – Blended means the portion of the Retail Aggregate Load attributable to retail customers in the following Customer Supply Groups as described in the Customer Supply Groups section of this Definitions part and served pursuant to the BGS-FP Load auction product:

Residential (BGS-1) Customer Group

Small General Service (BGS-2) Customer Group

General Service (BGS-3) Customer Group

Dusk-to-Dawn Lighting (BGS-5) Customer Group

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**Retail Aggregate Load – Annual**

Retail Aggregate Load – Annual means the Retail Aggregate Load attributable to retail customers in the Large General Service (BGS-4) Customer Group as described in the Customer Supply Groups section of this Definitions part.

**Retail Aggregate Load – Hourly (RTP and RTP-L)**

Retail Aggregate Load – Hourly means the Retail Aggregate Load attributable to retail customers electing Real-Time Pricing and customers in the Large General Service Customer group who self generate five (5) MW or more as described in the Customer Supply Groups section of this Definitions part.

**Retail Supply Charges**

Retail Supply Charges means the Market Value prices determined pursuant to this Rider and applicable to retail customers of Company.

**Spot Market**

Spot Market means an energy market operated by the MISO in which energy is bought and sold at prices that vary with the points of delivery.

**Summer Period**

Summer Period means the June, July, August, and September monthly billing periods.

**Supplier Forward Contract**

Supplier Forward Contract (SFC) means a standard contract form pursuant to which the Company enters into binding wholesale contracts for the acquisition of electric power and energy, and certain other related services, from suppliers as described in this Rider.

**Staff**

Staff means the Staff of the ICC.

**Tranche**

Tranche means a percentage share of the Ameren Companies' retail load.

**B. CUSTOMER SUPPLY GROUP DEFINITIONS**

Customer Supply Groups are designations for retail customers located throughout the Ameren service territory in Illinois so that retail customers can be categorized for the purposes of assigning customer load to the applicable auctions and auction segments and for the purposes of computing charges for electricity power and energy supply applicable to retail customers. The following nine (9) Customer Supply Groups are defined for such purposes:



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**Residential Service Customer Group (BGS-1)** means the customer group applicable to any retail customer qualifying for Delivery Service under Rate DS-1 and using electric service primarily for residential purposes. The load of this group is reflected in the CPA Auction as BGS-FP Load.

**Small General Service Customer Group (BGS-2)** means the customer group applicable to any nonresidential customer having a monthly demand of less than 150 kW and qualifies for Delivery Services under Rate DS-2. The load of this group is reflected in the CPA Auction as BGS-FP Load.

**General Service Customer Group (BGS-3)** means the customer group applicable to any nonresidential customer receiving Delivery Services pursuant to Rate DS-3 and for which demand metering is provided and the highest 15-minute demand was at least 150 kW but did not reach 1000 kW in the twelve (12) consecutive monthly billing periods extending through the monthly billing period ending no later than five (5) months prior to the earliest possible Auction Commencement Date, as described in the CPA Timeline section of the Competitive Procurement Auction Process part of this Rider. The load of this group is reflected in the CPA Auction as BGS-FP Load.

**Large General Service Customer Group (BGS-4)** means the customer group applicable to any nonresidential customer receiving Delivery Services pursuant to Rate DS-4 and for which (a) Self-Generating Customers with generating facilities at or above 5 MW cannot use BGS-4 to backup their generation capability, (b) interval demand metering is provided, and (c) the highest 15-minute demand was 1000 kW or more in the twelve (12) consecutive monthly billing periods extending through the monthly billing period ending no later than five (5) months prior to the earliest possible Auction Commencement Date, as described in the CPA Timeline section of the Competitive Procurement Auction Process part of this Rider. The load of this group is reflected in the CPA Auction as BGS-LFP Load.

**Dusk to Dawn Lighting Customer Group (BGS-5)** means the customer group applicable to any retail customer using electric service for street or private outdoor lighting that operates on a dusk to dawn basis. The load of this group is reflected in the CPA Auction as BGS-FP Load.

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**Optional Real-Time Pricing Customer Group (RTP)** means the customer group applicable to any residential or nonresidential customer receiving Delivery Services pursuant to Rates DS-1, DS-2 or DS-3 and for which interval demand metering is installed. The load of this group is reflected in the CPA Auction as BGS-FP load.

**Real-Time Pricing Large Customer Group (RTP-L)** means the customer group applicable to any nonresidential customer receiving Delivery Services pursuant to Rate DS-4 and for which (a) customer does not elect BGS-4 pursuant to annual enrollment period, or (b) customer returns to utility supply service either (1) prior to the BGS-4 annual contract period, or (2) anytime during the annual BGS-4 contract period. Customer must have interval demand metering and a monthly demand at or above 1000 kW during the twelve (12) consecutive monthly billing periods extending through the monthly billing period ending no later than five (5) months prior to the earliest possible Auction Commencement Date, as described in the CPA Timeline section of the Competitive Procurement Auction Process part of this Rider. The load of this group is reflected in the CPA Auction as BGS-LRTP Load.

**Self-Generating Customer Group** means the customer group applicable to any nonresidential customer that (a) owns, operates, and/or is entitled to the output from electric generating facilities located at such customer's premises, and (b) such generating facilities (1) have a generation capacity of 5000 kW or more, and (2) are used for any purpose other than emergency purposes in the event and only during such times when electric service from the Company is interrupted. A customer qualifying for this customer group shall have their hourly energy taken from Company split into Backup and Supplemental requirements. The Backup Energy requirement is equal to the MWh generation capability rating of customer's generation facilities for each hour during the billing period. Any Backup Energy used by customer to replace such generation capability rating is served under RTP-L and is reflected in the CPA Auction as BGS-LRTP Load. The customer energy in excess of the amount served by customer generation or the energy classified as Backup Energy, is considered Supplemental Service energy and served pursuant to Large General Service Customer Group (BGS-4) and subject to the CPA Auction as BGS-LFP Load.

**Partial Requirements Customer Group** means the customer group applicable to any retail customer for which electric service is split between RES service and Utility provided service. The load of this group is reflected in the CPA Auction as BGS-LRTP Load.

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**4. COMPETITIVE PROCUREMENT AUCTION PROCESS**

**A. OVERVIEW**

Beginning January 1 2007, for retail customers to which the Company provides electric power and energy supply, the Company will procure such electric power and energy supply in accordance with a competitive process. Such process, the Competitive Procurement Auction Process (CPA), is described herein. The CPA employs auctions through which equitable, market-based pricing for electric power and energy supply is determined in a transparent forum.

**B. GENERAL PROCESS**

The CPA utilizes multiple-round, descending clock auctions. In a multiple-round descending clock auction, an initial supply price is proposed. If excess supply is offered at such initial price, a subsequent price at a specified decrementally reduced level is proposed. As long as excess supply is offered at any subsequent decrementally reduced price, another round is conducted. This iterative process continues until bids are received in an amount just sufficient to meet the electric power and energy supply requirement that is subject to the auction.

The CPA process is designed to procure full-requirements service for three (3) categories of service, which are Basic Generation Service – Fixed Pricing (BGS-FP), Basic Generation Service - Large Customer Fixed Pricing (BGS-LFP), and Basic Generation Service – Large Service Real-Time Pricing (BGS-LRTP). These three (3) categories of service will be grouped into two segments: the Fixed Pricing Segment which includes all BGS-FP and BGS-LFP products, and the Spot Market Segment, which includes the BGS-LRTP product. The customer groups taking supply from the above referenced categories of load are defined in the Customer Supply Group Definitions section of this Rider. Supplies for all products in both segments will be procured through a single simultaneous, Descending Clock Auction.

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The descending clock auction is conducted at approximately the same time each year. In the CPA process, registered bidders vie for the obligation to provide electric power and energy supply to the Ameren Companies in amounts sufficient to serve percentage shares of the Fixed Price Load (BGS-FP & BGS-LFP) for various durations. The prices in the Fixed Pricing segment represent around the clock MWh prices. In the Spot Market Segment registered bidders vie for the obligation to provide electric power and energy supply to the Ameren Companies in amounts sufficient to serve percentage shares of the Spot Market Load (BGS-LRTP). The prices in the BGS-LRTP category represent unit MW-Day prices, with the understanding that, in addition to such unit MW-Day prices, pricing for energy will be set at the MISO real-time, locational marginal prices at the Delivery Point.

The aforementioned percentage shares are defined in this rider as tranches. The obligation to provide electric power and energy supply includes the supply of all energy, electric generation capacity, those transmission services provided for in the Supplier Forward Contract (SFC), volumetric risk management, and compliance with any renewable energy requirements necessary for the Company to meet the electric power and energy supply requirements of its retail customers for which it is procuring such supply. In any auction segment, a single bidder cannot win the obligation to provide electric power and energy supply for more than 50% of the tranches included in such auction segment.

The Company procures electric power and energy supply for retail customers from suppliers in accordance with the terms of SFCs to which the Company, the other Ameren Companies and the suppliers are bound. Before an entity can become a supplier, it must comply with a number of qualification phases through which it obtains the right to bid for, and opportunity to win the obligation to provide electric power and energy supply to the Company in the aforementioned multiple-round, descending clock auctions. The auctions are planned, coordinated, and managed by the Auction Manager. In addition, the ICC selects the Auction Advisor. The Company determines retail charges for electric power and energy supply based upon the results of the auctions using formulae provided in the Translation to Retail Charges part of this rider and provides such charges to the ICC in the form of an informational filing.

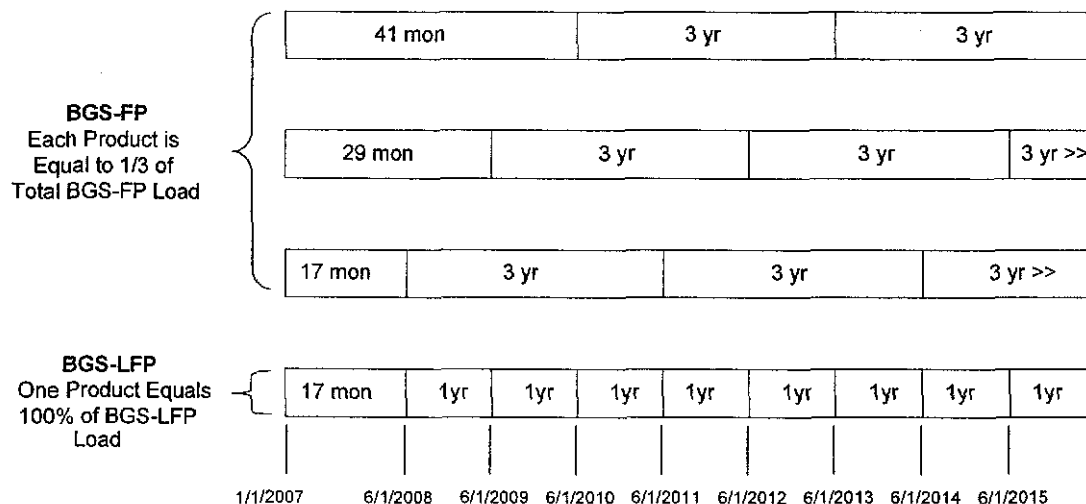
The CPA includes events and activities that occur over the course of several months prior to the commencement of the auctions, during the administration of the auctions, and after the completion of the auctions. Such events and activities follow a recognized timeline and occur in accordance with documented procedures and rules.

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### CPA Process-Fixed Pricing Segment

The CPA Process includes a segment that provides for the procurement of electric power and energy supply for the Fixed Pricing Segment of retail load. This segment includes auction products with specific durations as described by the chart provided. Through a phase-in process, the Company will ultimately procure such electric power and energy supply through a total of four (4) auction products consisting of three (3) staggered auction products, each with a duration of three (3) years and each representing one third (1/3) of the BGS-FP Load; and one (1) auction product with a duration of one (1) year representing 100% of the BGS-LFP Load. A single final clearing price expressed in dollars and cents per MWh (\$XX.XX/MWh) is determined for all the tranches included in an individual auction product. For the initial auction, each product will have five months added to the durations described above.

### Fixed Pricing Segment of Retail Load BGS-FP and BGS-LFP Products



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**CPA Process- Spot Market Segment**

The CPA Process includes a segment that provides for the procurement of electric power and energy supply for the Spot Market Segment of hourly retail load. This segment includes a single product (BGS-LRTP) with a one (1) year duration, extending from June 1 of the year in which such CPA Auction is conducted through May 31 of the following year. For the initial auction the product will have a duration that extends from January 1, 2007 through May 31, 2008. The auction prices represent unit MW-Day prices. A single final clearing price expressed in dollars and cents per MW-Day (\$XX.XX/MW-Day) is determined for all the tranches in this product.

**C. CPA PARTICIPANTS.**

**Auction Manager**

A qualified, independent Auction Manager oversees the CPA, including the Fixed Pricing and Spot Market Segments. The Auction Manager is selected and reimbursed by the Company. The Auction Manager's responsibilities include but are not limited to the following activities:

1. Develop and maintain a web site for the dissemination of CPA information to interested parties;
2. Receive queries from interested parties, direct any such queries to the Ameren Companies, as applicable, and provide responses to any such requesting party;
3. Maintain a database of all queries and corresponding responses described in the preceding Item 2 on the web site described in the preceding Item 1;
4. Plan, coordinate, and conduct bidder information sessions, as necessary;
5. Compile information packages, as applicable, and distribute such packages at the bidder information sessions described in the preceding Item 4;
6. Maintain the information provided in the packages described in the preceding Item 5 on the web site described in the preceding Item 1;
7. Receive bidder applications for qualification and notify applicable entities of the results of the qualification procedure;

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8. Review other information required of bidders before, during, and after the qualification process, as applicable;
9. Resolve issues regarding bidder associations;
10. Receive indicative offers and bid bonds and ensure that such offers and bonds are in accordance with applicable CPA procedures and rules;
11. Notify bidders of their status throughout the CPA process;
12. Develop and test bidding procedures to ensure compliance with CPA rules;
13. Train bidders with respect to applicable CPA bidding procedures and communication protocols;
14. Provide technical assistance to bidders with respect to applicable CPA rules and bidding procedures;
15. Plan, coordinate and conduct the CPA in accordance with CPA procedures and rules, including, but not limited to, bidding administration and evaluation;
16. Receive and utilize, as applicable, feedback and suggestions from the Auction Advisor in order to contribute to the success of the auction process;
17. Manage the CPA to ensure that applicable parameters are set appropriately, including, but not limited to, lengths of rounds and decrements;
18. Announce the completion of the CPA in accordance with CPA rules and procedures;
19. Review the CPA immediately following the Auction Completion Date.
20. Submit a formal report to the ICC by the end of the business day following the Auction Completion Date. Such report is described in the Auction Manager Report subsection of the CPA Documents section of the Competitive Procurement Auction Process part of this rider; and

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21. Prepare and publish the Forward Focused Public Report. Such report is described in the Forward Focused Public Report subsection of the CPA Documents section of the Competitive Procurement Auction Process part of this rider

**Auction Advisor**

The ICC selects a qualified, independent Auction Advisor. The Auction Advisor is not affiliated with any prospective bidder or the Company. The Auction Advisor provides expert advice to the ICC and Staff regarding issues related to auction design, rules, and processes, as well as related policy matters. The Auction Advisor acts as an independent monitor of the CPA. In such capacity, the Auction Advisor provides observations and recommendations to the ICC and Staff and feedback and suggestions to the Auction Manager in order to contribute to the success of the auction process. Such feedback and suggestions may be made at any time during the CPA. The Auction Advisor submits a formal report to the ICC by the end of the business day following the Auction Completion Date. Such report is described in the Auction Advisor Report subsection of the CPA Documents section of this Competitive Procurement Auction Process part. The Auction Advisor shall be bound by the confidentiality obligations applicable to Staff under Sections 4-404 and 5-108 of the Act.

**Bidders and Suppliers**

The electric power and energy supply that the Company provides to retail customers is procured by the Company from suppliers under the terms of SFCs, which are described in the Supplier Forward Contract subsection of the CPA Documents section of this Competitive Procurement Auction Process part. In order for an entity to become a supplier from which the Company procures such electric power and energy supply, it must follow a specific qualification process and comply with all requirements of the CPA, in addition to winning the obligation to provide such electric power and energy supply through the auction process conducted in accordance with CPA rules and procedures.

At the onset of the qualification process, an entity interested in providing electric power and energy supply to the Company for its retail customers is designated as a prospective bidder. A prospective bidder is responsible for obtaining any necessary information it requires in order to proceed to the second phase of the qualification process. A prospective bidder must timely submit a completed Part 1 Application Form, which is described in the Part 1 Application Form subsection of the CPA Documents section of this Competitive Procurement Auction Process part.



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After the Auction Manager determines which prospective bidders that submitted Part 1 Application Forms are qualified to proceed to the next phase of the qualification process under the applicable criteria, the Auction Manager simultaneously issues a Part 2 Application Form to each such bidder. Such bidders are designated as qualified bidders. The Auction Manager also provides a confidential document with a list naming all qualified bidders to each qualified bidder. In order to proceed to the next phase of the qualification process, a qualified bidder must complete, sign, and timely submit a Part 2 Application Form, which is described in the Part 2 Application Form subsection of the CPA Documents section of this Competitive Procurement Auction Process part. Along with the submission of the completed and signed Part 2 Application Form, each qualified bidder is required to submit an indicative bid offer and a proportionate financial guarantee, and additional security as needed. Moreover, each qualified bidder must enter into additional confidentiality obligations.

The Auction Manager determines which qualified bidders that submitted Part 2 Application Forms are eligible to proceed to the next phase of the qualification process under the applicable criteria. These bidders are so notified by the Auction Manager. Finally, in order to participate in the CPA, each such bidder must be a member of MISO as of the Auction Commencement Date as described in the CPA Timeline section of this Competitive Procurement Auction. Qualified bidders that meet these final qualifications are designated as registered bidders.

Registered bidders vie during the course of the auctions to win the obligation to provide electric power and energy supply to the Company for its retail customers for which it is procuring electric power and energy supply. Those registered bidders that win such obligation are designated as winning bidders. Each winning bidder is required to sign the applicable SFC in a timely fashion in accordance with the provisions of the CPA Timeline section of this Competitive Procurement Auction part. Also in such timely fashion, each winning bidder must demonstrate to the Company and the Auction Manager such winning bidder's compliance with the applicable creditworthiness requirements that are described in the SFC and the Credit Requirement Provisions Of The SFC clause of the Supplier Forward Contract subsection of the CPA Documents section of this Competitive Procurement Auction part.

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**D. CPA DOCUMENTS**

**Auction Rules**

The Company, in coordination with and subject to the review and approval of the Auction Manager, develops a set of Auction Rules applicable to each auction. Each such set of Auction Rules is provided to Staff for informational purposes and made available to the public, including prospective bidders. Each set of Auction Rules provides operational details of the individual auction to which it is applicable that are consistent with the terms and conditions set forth in this rider.

**Translation Documents**

The Translation Documents provide the mechanism by which Retail Supply Charges are determined based upon the final clearing prices of the auctions. The Translation Documents include spreadsheets that utilize information obtained as described in the Customer Supply Group Information and the Market Cost Information sections of the Translation to Retail Charges part of this rider. The spreadsheets incorporate the formulae provided in the Market Cost Computations, Seasonal Supplier Ratio Computation, Market Value, and Supply Charge Computation sections of the Translation to Retail Charges part of this rider. The Company prepares the Translation Documents and submits them to the Auction Manager in a timely manner in accordance with the CPA Timeline section of this Competitive Procurement Auction Process part. The Auction Manager then makes the Translation Documents available to any interested party.

**Part 1 Application Form**

The Part 1 Application Form is a document that must be completed, signed, and timely submitted by a prospective bidder to the Auction Manager in order for such prospective bidder to be considered for further participation in the CPA. The Part 1 Application Form is available from the Auction Manager and on a publicly accessible web site. The Part 1 Application Form contains provisions that oblige the prospective bidder to meet initial creditworthiness requirements and comply with all CPA rules. In completing its Part 1 Application Form, a prospective bidder must disclose any bidding agreement or arrangement in which such bidder may have entered. Specifically, the prospective bidder must explicitly name in its Part 1 Application Form the entities with which the bidder has entered into a bidding agreement, joint venture for the purpose of participating in the CPA, or bidding consortium or some other arrangement pertaining to participating in the CPA.

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Moreover, the prospective bidder must certify that if it becomes a qualified bidder, it will not disclose information regarding the list of qualified bidders, including the number of qualified bidders, the identity of any or all qualified bidders, or the fact that an entity has not been qualified for further participation in the CPA. The prospective bidder must certify that it will destroy any document distributed by the Auction Manager that lists the qualified bidders in a timely manner consistent with the CPA Timeline section of this Competitive Procurement Auction Process part. The Part 1 Application Form also includes provisions that require the prospective bidder to affirm that, in the event it becomes a winning bidder at the successful completion of the auction process, as described in this Competitive Procurement Auction Process part, it will timely sign the applicable SFC and timely comply with the creditworthiness requirements contained in such SFC.

**Part 2 Application Form**

The Part 2 Application Form is a document that must be completed, signed, and timely submitted by a qualified bidder to the Auction Manager in order for such qualified bidder to be considered for further participation in the CPA. The Auction Manager issues the Part 2 Application Form to all qualified bidders simultaneously. The Part 2 Application Form contains provisions that oblige the qualified bidder to meet certain additional creditworthiness requirements and comply with all CPA rules. The Part 2 Application Form includes provisions that require the qualified bidder to certify that it will not disclose any confidential information it obtains related to the CPA to any entity except its advisors and bidders with which it is associated. Such qualified bidder must also certify that if it becomes a registered bidder, it will not disclose information regarding the list of registered bidders, including the number of registered bidders, the identity of any or all registered bidders, or the fact that an entity has not been qualified for further participation in the CPA. The qualified bidder must certify that it will destroy any document distributed by the Auction Manager that lists the registered bidders in a timely manner consistent with the CPA Timeline section of this Competitive Procurement Auction Process part.

The Part 2 Application Form includes provisions that require the qualified bidder to make a number of certifications with respect to its associations to ensure that bidders are acting independently from each other and any other entity participating in the CPA. These certifications are as follows:

1. A qualified bidder must certify that it is not associated with any another qualified bidder, or if it is unable to make such certification, it must identify any and all qualified bidders with which it is associated along with a description of the nature of any and all such associations;

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2. A qualified bidder must certify that it has not entered into any agreement with any other qualified bidder regarding bidding during the auction part of the CPA, including, but not limited to, the amount to bid at certain prices; the auction, auction segment, or auction product for which bids are placed; when or at what prices bids are withdrawn or switched; or the amount of exit prices. This certification provides an exception with respect to bidders that the qualified bidder explicitly named in its Part 1 Application Form as entities with which the bidder has entered into a bidding agreement, joint venture for the purpose of participating in the CPA, or bidding consortium or some other arrangement pertaining to participating in the CPA;
3. A qualified bidder must certify that any entity that will be advising or assisting the bidder with respect to bidding strategy in the auction part of the CPA, estimation of the value of any tranche, or estimation of the risks associated with providing electric power and energy supply for any tranche will (a) not provide any similar advice or assistance to any other qualified bidder; or (b) if such entity will provide similar advice or assistance to any other qualified bidder, or if such entity will have access to confidential information relevant to any other qualified bidder's bidding strategy, ensure that appropriate protections have been put into place so that such entity does not serve as a conduit of information between bidders, or as a coordinator of the bidding strategies of multiple bidders. If a qualified bidder is unable to make such certification, it must identify the advising entity and any other bidders involved;
4. A qualified bidder must certify that it is not a party to any contract for the purchase of electric power and energy supply that might be used to serve any portion of the Retail Aggregate Load, and (a) that would require the disclosure of any confidential information regarding bidding strategy or the CPA to the counterparty under such contract or to any other entity; or (b) that would provide instructions, direct financial incentives, or other inducements for the qualified bidder to act in a way determined by the counterparty in the agreement or in concert with any other bidder participating in the CPA. Notwithstanding the previous provisions of this Item 4, a qualified bidder may, during negotiations prior to the Auction Commencement Date regarding contractual arrangements to procure electric power and energy

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supply to serve any portion of the Retail Aggregate Load in the event that the bidder becomes a winning bidder, discuss with the prospective counterparty to such arrangements the nature of the electric power and energy supply products to be purchased, the volume of any such products, and the prices at which it is willing to buy such products. If a qualified bidder is unable to make such certification, it must disclose the contractual terms that prevent the qualified bidder from making the certification;

5. A qualified bidder must certify that it does not have any knowledge of confidential information that is relevant to the bidding strategy of any other qualified bidder, or if it is unable to make such certification it must identify any other such qualified bidder and the nature of the confidential information;
6. A qualified bidder must certify that it will not disclose confidential information relative to its bidding strategy except to bidders explicitly named in its Part 1 Application Form as entities with which the bidder has entered into a bidding agreement, joint venture for the purpose of participating in the CPA, or bidding consortium or some other arrangement pertaining to participating in the CPA; or to bidders with which it is associated as disclosed in its Part 2 Application Form; or to its advisors as described in Item 4 of this Part 2 Application Form subsection; or to its financial institution; and
7. A qualified bidder must certify that, other than bidders explicitly named in its Part 1 Application Form as entities with which the bidder has entered into a bidding agreement, joint venture for the purpose of participating in the CPA, or bidding consortium or some other arrangement pertaining to participating in the CPA; or bidders with which it is associated as disclosed in its Part 2 Application Form, no entity has agreed to defray any of its costs of participating in the CPA, including the cost of preparing bids, the cost of any financial guarantees, the cost to be paid in the event such bidder becomes a winning bidder, or any other participation cost or fee. A qualified bidder unable to make such certification must identify the entity that has agreed to defray some or all of the qualified bidder's costs of participating in the CPA, and the nature of the participation costs that such entity has agreed to defray.

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**Auction Advisor Report**

The Auction Advisor submits a formal report to the ICC by the end of the business day following the Auction Completion Date. Such report provides an independent assessment to the ICC as to whether or not the CPA was conducted fairly and appropriately. The report also details any issues or concerns identified by the Auction Advisor and any recommendations the Auction Advisor has regarding further action by the ICC.

**Auction Manager Report**

The Auction Manager submits a formal report to the ICC by the end of the business day following the Auction Completion Date. Such report provides a factual summary of the activities and events that occurred during the course of the CPA. It also provides the Auction Manager's certification that such auction was conducted fairly and appropriately in accordance with CPA rules and procedures.

**Supplier Forward Contract**

SFCs are the contracts that provide the terms and conditions under which the electric power and energy supply that the Company provides to retail customers is procured, on a wholesale basis, by the Company from suppliers. SFCs are subject to the jurisdiction of the FERC. The SFCs are consistent with the terms and conditions, including the CPA characteristics, set forth in this rider.

The Company, in coordination with and subject to the review and approval of the Auction Manager, develops a separate standard SFC applicable to each auction and each auction segment. Each such SFC is filed with the ICC for informational purposes and made available to the public, including prospective bidders, in accordance with the provisions of the CPA Timeline section of this Competitive Procurement Auction part. Each SFC includes provisions regarding the obligations of the Company and the supplier; procedures and rules pertaining to the operational aspects of the provision of electric power and energy supply; credit requirements; payment terms; and details pertaining to the administration of the contract.

Each SFC obligates the supplier that is bound to such SFC to provide firm electric power and energy supply, at wholesale, in each hour, and delivered to the Delivery Point sufficient to meet a specified percentage share of the electric power and energy supply required by the Company, in each hour, for retail customers. Suppliers assume all volumetric risk associated with the electric power and energy supply required by the Company to serve such retail customers, including any risk associated with customer

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switching to or away from any applicable Company tariffed service. Moreover, suppliers must comply with any renewable portfolio standard that is known at the time of the auction, imposed by law or regulation, to which the Company is subject and that is applicable to the electric power and energy supply the Company procures for such retail customers.

Each SFC has provisions regarding payments to the supplier that is bound to such SFC. The Company makes payments to such supplier. For the BGS-FP and BGS-LFP products, the unit payment price is in \$/MWh and is equal to the applicable final clearing price adjusted for seasonality in accordance with the provisions of the Seasonal Supplier Payment Ratio Computation section in the Translation to Retail Charges part of this rider. For the BGS-LRTP product, the unit price is in \$/MW-day.

Each SFC has provisions regarding the payment by the supplier to the Company of a Supplier Fee. The Supplier Fee is set at a level such that the total revenue is sufficient to compensate the Company for anticipated third-party expenses associated with the CPA, including the cost of the Auction Manager and the expenses associated with post-auction review by the Auction Advisor.

**E. CPA CREDIT REQUIREMENTS**

The SFC requires the supplier that is bound to such SFC to comply with creditworthiness requirements on a continuing basis over the term of the SFC. Such creditworthiness requirements include, but are not limited to, the following items:

1. The requirement included in this Item 1 applies in the event that the supplier or its guarantor is incorporated or otherwise formed under the laws of the United States. If such supplier cannot meet this requirement, it is required to post cash or a letter of credit for the total credit exposure to the Company with respect to such supplier at the time of or prior to the execution of the SFC.

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For the supplier to be granted an unsecured line of credit, the supplier or its guarantor: (a) must be rated by at least two of the following rating agencies: S&P, Moody's or Fitch, and (b) must have a minimum senior unsecured debt rating, or if such rating is unavailable, corporate issuer rating discounted by one notch, of at least BBB- from S&P, Baa3 from Moody's, or BBB- from Fitch. If the supplier or its guarantor, as the case may be, is rated by only two rating agencies, and the ratings are split, the lower rating is used. If the supplier, or its guarantor, as the case may be, is rated by three rating agencies and the ratings are split, the lower of the two highest ratings is used. Notwithstanding the previous provisions of this Item 1, in the event that the two highest ratings are common, such common rating is used.

2. The requirement included in this Item 2 applies in the event that neither the supplier nor its guarantor is incorporated or otherwise formed under the laws of the United States. If such supplier cannot meet this requirement, it is required to post cash or a letter of credit for the total credit exposure to the Company with respect to such supplier at the time of or prior to the execution of the SFC.

The Supplier will supply evidence of its or its guarantor's creditworthiness so as to provide the Company with assurances that it meets creditworthiness requirements that are comparable to those described in Item 1 of this Credit Requirement Provisions Of The SFC subsection. The Company has sole and absolute discretion, without liability or recourse to the supplier, to evaluate such evidence of creditworthiness submitted by such supplier.

3. The requirement included in this Item 3 applies in the event that neither the supplier nor its guarantor is incorporated or otherwise formed under the laws of the United States.



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The supplier must submit (a) a legal opinion of independent counsel qualified to practice in the jurisdiction in which the supplier is incorporated or otherwise formed that the applicable SFC is the binding obligation of the supplier in such jurisdiction in which it is incorporated or otherwise formed, (b) a sworn certificate of the supplier's corporate secretary, or similar officer, that the person executing the SFC on behalf of such supplier has the authority to execute such SFC and that the governing board of the supplier approves the execution of such SFC, and (c) a sworn certificate of the supplier's corporate secretary, or similar officer, that the supplier is authorized by its governing board to enter into agreements of the same type as such SFC. The Company shall have full discretion, without liability or recourse to the supplier, to evaluate the sufficiency of the documents submitted by the supplier.

As applicable, the supplier's guarantor must submit (a) a legal opinion of independent counsel qualified to practice in the jurisdiction in the which the guarantor is incorporated or otherwise formed that the guaranty is the binding obligation of the guarantor in the jurisdiction in which it is incorporated or otherwise formed, (b) a sworn certificate of the guarantor's corporate secretary, or similar officer, that the person executing the guaranty on behalf of the guarantor has the authority to execute the guaranty and that the governing board of such guarantor approves the execution of such guaranty, and (c) a sworn certificate of the guarantor's corporate secretary, or similar officer, that the guarantor is authorized by its governing board to enter into agreements of the same type as such guaranty. The Company has sole and absolute discretion, without liability or recourse to the guarantor or the supplier, to evaluate the sufficiency of the documents submitted by such guarantor.

4. The supplier must agree that it will meet the creditworthiness requirements of the SFC at all times during the term of such SFC and will inform the Company immediately of any changes in its or its guarantor's credit rating, if its or its guarantor's credit ratings are placed on credit watch with negative implications by any rating agency, or of any material adverse change in its financial condition or the financial condition of its guarantor. The supplier will, upon written request by the Company, affirmatively demonstrate its or its guarantor's compliance with the creditworthiness requirements set forth in the SFC and in this Credit Requirement Provisions Of The SFC subsection.

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5. The Company will review the creditworthiness of the supplier or its guarantor whenever it becomes aware, through the provision of notice by the supplier or otherwise, of a decrease in the supplier's or its guarantor's credit rating. If the lowest credit rating used to determine the supplier's or its guarantor's credit limit decreases, such supplier will provide an additional security instrument to the Company, or increase the value of any existing security instrument in accordance with the SFC.
6. The supplier has the opportunity to petition the Company to review its or its guarantor's creditworthiness whenever an event occurs that the supplier believes would improve the determination made by the Company of its or its guarantor's creditworthiness. The Company's credit review must be completed as soon as possible but no later than thirty (30) days after receiving such a request. The Company must provide the rationale for its determination of any resulting credit limit and any resulting security requirement. The Company must perform its credit review and associated security calculation in a nondiscriminatory manner. In order for the Company to complete its review, the supplier or guarantor must provide unrestricted access to its audited financial statements, or in the event that such audited financial statements are not available, the Company may accept other types of financial statements.
7. The supplier may submit and maintain a security deposit in lieu of submitting to or being qualified under a creditworthiness evaluation.
8. A supplier's total credit exposure to the Company with respect to an SFC consists of the sum of (a) the Mark-to-Market Exposure Amount (MtM) applicable to such supplier, and (b) the amount designated in any other SFC as the credit exposure applicable to such supplier. The MtM applicable to such supplier is computed in accordance with the MtM credit exposure methodology as described in the SFC applicable to such supplier.